

TOP SECRET

June 20, 1952

MEMORANDUM FOR THE RECORD

SUBJECT: Briefing by Mr. Rankin

Present:

Dr. Allen

Mr. Barnes

Mr. Browne

[redacted]
Mr. Jenkins, State, CA

Maj. Bennett

Mr. MacDonald

Mr. Potter

Mr. Putnam

Mr. Rankin

Mr. Sherman

Mr. Arzac

Dr. Allen introduced Karl L. Rankin, Esquire, American Charge d' Affaires ad interim in Taipei. Mr. Rankin said he had been favorably impressed by a draft PSB paper on Southeast Asia shown to him and that he had submitted, through Mr. Jenkins, some comments on its Formosan aspects. He continued that it is necessary to think of Formosa as one of a series of countries around the iron curtain, along with Turkey a real military asset in this periphery. Thus, leaving Chiang and the White Paper on China aside, in a policy of developing situations of strength, our current program for Formosa is justified. This is a comparatively new program, for which 300 million dollars will be obligated this year, but for which deliveries will not be made until some future date.

From a military point of view the importance of our bases is the first consideration. Formosa is not, strictly speaking, a military base, but it may become one. It is Mr. Rankin's hope that the Formosan economy will eventually be self-supporting and contribute to its military establishment. In the meantime, Formosa has contributed to preventing the spread of Communism all over the Far East, and the cost has not been high in relation to this achievement. The wider significance of Formosa lies in its status as a relatively safe and close sanctuary for the government of a country overrun by the Communists. The question is how to take full advantage of this unique situation.

One possible course of action follows the British or Walter Lippmann line of thought. This purports to recognize that the Communists in China are here to stay, and that eventually we shall have to arrange some modus vivendi with them.

State Department review completed

TOP SECRET

E/E-72-#13-81271

The alternative course of action is based upon recognition of Communism as a continuing menace of world proportions with which it is impossible to come to terms. Since this menace is a dynamic force, it is necessary not simply to contain it but to move it back. Our immediate aim, over the next five to ten years, should be to detach portions of the Chinese mainland from the Communist orbit.

Mr. Rankin concluded that the Formosa program is an important part of the China picture and not generally understood. Although British and French reports are sound they do not reach the higher levels of government. He had recommended to Assistant Secretary Allison that these governments and the Australian government be encouraged to send high level representatives to gain a full view of the Formosan situation. Mr. Rankin emphasized the importance of improving the quality of government on the island, due to the indirect effect this would have on the mainland.

In the discussion which followed his presentation, Mr. Rankin described the Chinese forces on the island as possessing good morale. They average 24 years of age in the navy, and 27 in the army. By Asiatic standards, they are good soldiers. Of the 550,000 total number of men, roughly two-thirds are in the army, 70,000 in the air force, 40,000 in the navy, the rest in the combined service forces. Equipment is relatively simple, and more artillery is needed. There are not over 300 aircraft of World War II type. Mr. Rankin expressed his concern over the fact that 50 jet planes were being made available to Thailand and more to other countries, while Formosa has none. By the end of 1952 it is hoped to have some 21 Nationalist divisions of 11,000 men each. Eventually the problem of recruitment, possibly from among Formosans, will have to be faced.

In reply to a question about a rumor that Chiang had stalked out of an intelligence briefing which presented an unfavorable picture, Mr. Rankin said the reports of what the Generalissimo does are vague and far removed from the event. Chiang is a realist who does not want to return to the mainland until there is some promise of success. In addition, he does not want to weaken his forces on Formosa, although he is still willing to send three divisions to Korea.

In reply to a question about a statement by Senator Hunt after an executive committee hearing in which General Bradley testified, Mr. Rankin said he thought the emphasis had been placed upon the Chinese need for equipment. The percentage of effectiveness figures he cited are probably misleading, due to the elaborate western-type items of equipment used as a standard for measurement. Thus, this summer the navy will be raised from 10% to 75% effectiveness on this scale, simply by the arrival of some new equipment.

Mr. Rankin agreed that General Smith's statement that the Nationalist Chinese had never fought a battle in full division strength in the western

~~Security Information~~
~~TOP SECRET~~

sense is quite likely true. He noted the proportion of two mainlanders to seven Formosans, and the large part of the latter have come to play in government. The intelligence system from the mainland, earlier very good, has deteriorated. Japanese participation in the Formosan economy will probably increase now that a treaty has been signed, but it must not be forgotten that in the Far East the primary blame for the whole present situation is laid to Japan. Chiang is very cooperative and awaits a determination of what our Far Eastern policy will be, since his is not a policy-forming government. Madame Chiang is still influential, chiefly with the Generalissimo. Mr. Rankin pointed out the difficulties in regard to the admission of refugees from Southern China, and said that lack of representation in Hong Kong is a disadvantage in this regard. Much remains to be done by way of control over the overseas Chinese, although some efforts in this direction are being made with success. It must not be forgotten, Mr. Rankin added, that the overseas Chinese are generally not interested in politics. It is his impression that the behavior of the Chinese Communists on the mainland has given the overseas Chinese some impetus in the direction of the free world. Whether or not the Nationalist Chinese will eventually fight is the great question. If they do, an over-all American command will be necessary.

PSB:E/E:DNH:active
6/25/52

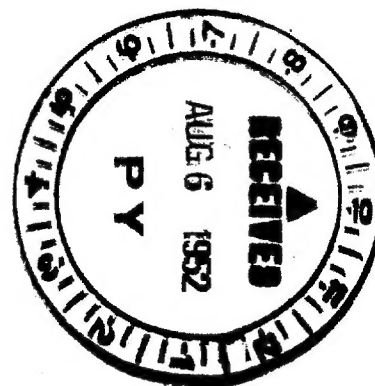
81271

~~TOP SECRET~~

25X1

Approved For Release 2004/03/16 : CIA-RDP80-01065A000300010029-3

Approved For Release 2004/03/16 : CIA-RDP80-01065A000300010029-3



BRANCH NO. 11